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20UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF CALIFORNIA

08 MJ 1855

10 UNITED STATES OF AMERICA,	) Magistrate Case No. _____
11 Plaintiff,	) C O M P L A I N T F O R
12 v.	) V I O L A T I O N O F
13 RAFAEL SANTIAGO (1),	) Title 18, U.S.C., Sec. 1343 - Wire
14 ABNER BETECH (2),	) Fraud;
15 SAID BETECH (3),	) Title 18, U.S.C., Sec. 2 - Aiding
16 AVIVA BETECH (4),	) And Abetting
17 ANGEL ARMENDARIZ (5),	)
18 LUCETTE MONTANE (6),	)
19 Defendants.	)
20 _____	)

21 The undersigned Complainant, being duly sworn, states:

22 Beginning in about a date unknown, and continuing thereafter  
 23 through at least November 2006, in the Southern District of California  
 24 and elsewhere, defendants RAFAEL SANTIAGO, ABNER BETECH, SAID BETECH,  
 25 AVIVA BETECH, ANGEL ARMENDARIZ, LUCETTE MONTANE, and others, did  
 26 knowingly devise a scheme and artifice to defraud and to obtain money  
 27 and property by means of materially false and fraudulent pretenses,  
 28 representations and promises.

## THE DEFENDANTS

2 In about 2005, Defendants ABNER BETECH, SAID BETECH, and others  
3 started Creative Financial Solutions, Inc. ("CFS"), a mortgage  
4 brokering company located at 707 Broadway Avenue, Suite 1720, San  
5 Diego, California. CFS sent loan application packages and other  
6 documents to lenders for review and funding. CFS did not itself fund  
7 loans, but received commissions from lenders when loans closed.

8 Beginning in about a date unknown, and continuing through at  
9 least November 2006, Defendants RAFAEL SANTIAGO, ABNER BETECH, SAID  
10 BETECH, AVIVA BETECH, ANGEL ARMENDARIZ and LUCETTE MONTANE were loan  
11 officers at CFS. As loan officers, Defendants RAFAEL SANTIAGO, ABNER  
12 BETECH, SAID BETECH, AVIVA BETECH, ANGEL ARMENDARIZ and LUCETTE  
13 MONTANE sent loan application packages and other documents to lenders  
14 for review and funding, and received commissions from lenders when  
15 loans closed. In addition to commissions, Defendants RAFAEL SANTIAGO,  
16 ABNER BETECH, SAID BETECH, AVIVA BETECH, ANGEL ARMENDARIZ and LUCETTE  
17 MONTANE received payments from lenders, the sellers, and buyers when  
18 loans closed.

19 Beginning in about a date unknown, and continuing through at  
20 least November 2006, Defendant AVIVA BETECH operated CFS Realty, a  
21 sister company that was located in the same office suite as CFS. CFS  
22 Realty provided realty services for clients that were looking to  
23 purchase a home. On February 13, 2002, the California Department of  
24 Real Estate issued AVIVA BETECH "salesperson" license. The license  
25 expires on July 17, 2010.

26 | //

27 | //

28 | //

## THE LENDERS

First Franklin Financial is a mortgage lender with a branch located at 2150 North 1st Street, San Jose (hereinafter "First Franklin").

New Century Mortgage is a mortgage lender with a branch located at 3121 Michelson Drive, 6th Floor, Irvine, California (hereinafter "New Century").

Fremont Investment & Loan is a mortgage lender with a branch located at 2727 East Imperial Highway, Brea, California (hereinafter "Freemont Investment").

Valley Vista Mortgage was a mortgage lender with a branch located at 4747 Viewridge Avenue, Suite 200, San Diego, California (hereinafter "Valley Vista").

MortgageIT is a mortgage lender with a branch located at 33 Maiden Lane, New York, New York (hereinafter "MortgageIT").

Argent Mortgage is a mortgage lender with a branch located at 2030 Main Street, Suite 1030, Irvine, California (hereinafter "Argent").

## THE SCHEME

As part of the scheme, defendants RAFAEL SANTIAGO, ABNER BETECH, SAID BETECH, AVIVA BETECH, ANGEL ARMENDARIZ, LUCETTE MONTANE, and others induced First Franklin, New Century, Fremont Investment, Valley Vista, MortgageIT, and Argent and other financial institutions (collectively, "the Lenders") to fund loans by:

a. intentionally concealing the true purchase price of the homes to be purchased by submitting materially false, fraudulent, and misleading purchase contracts;

1                   b. submitting materially false, fraudulent, and misleading  
2 loan application packages;

3                   c. intentionally concealing the fair market value of the  
4 homes to be purchased by submitting materially false, fraudulent, and  
5 misleading appraisals;

6                   d. intentionally concealing the true purchase price of the  
7 homes to be purchased by changing MLS listings to reflect the inflated  
8 purchase price;

9                   e. submitting materially false, fraudulently, and  
10 misleading bank statements and other forms of income documentation;

11                  f. using straw borrowers' identity information without  
12 consent to obtain loans from the Lenders;

13                  g. using facsimiles and using, causing to be used, and  
14 aiding and abetting the use of wire transfers of money to commit the  
15 fraud;

16                  h. intentionally concealing from the Lenders payments made  
17 outside of the purchase contracts to the defendants, the buyers, and  
18 the sellers;

19                  i. using later resales of the properties to fraudulently  
20 obtain additional funds from the Lenders and intentionally conceal the  
21 fraud from the Lenders; and

22                  j. acting as the realtor for the buyer to fraudulently  
23 obtain additional funds from the Lenders and intentionally conceal the  
24 fraud from the Lenders.

25                  It also was part of the scheme that defendants RAFAEL SANTIAGO,  
26 ABNER BETECH, SAID BETECH, AVIVA BETECH, ANGEL ARMENDARIZ, LUCETTE  
27 MONTANE, and others, through the foregoing false and fraudulent  
28 representations and concealments, induced Lenders to fund, from

1 November 2005 through November 2006, at least 21 fraudulent loans in  
 2 excess of \$16,000,000, causing an actual loss of in excess of  
 3 \$3,800,000 on the fraudulent loans, and an additional potential loss  
 4 of over \$1,000,000 to Lenders for properties that have been foreclosed  
 5 or are in foreclosure. These loss amounts do not include unpaid  
 6 mortgage payments, or costs of carrying or selling the real estate  
 7 once it is bank owned.

8 It also was part of the scheme that defendants RAFAEL SANTIAGO,  
 9 ABNER BETECH, SAID BETECH, AVIVA BETECH, ANGEL ARMENDARIZ, LUCETTE  
 10 MONTANE, and others, through the foregoing false and fraudulent  
 11 representations and concealments, obtained from the Lenders over  
 12 \$250,000 in commissions paid to CFS, over \$300,000 in commissions paid  
 13 to CFS Realty, over \$250,000 in kickbacks to buyers and mortgage  
 14 brokers from the sellers, and over \$1,000,000 in kickbacks to the  
 15 buyers and mortgage brokers from the finalized HUD-1's.

16 On or about the dates set forth below, in the Southern District  
 17 of California and elsewhere, defendants RAFAEL SANTIAGO, ABNER BETECH,  
 18 SAID BETECH, AVIVA BETECH, ANGEL ARMENDARIZ, LUCETTE MONTANE, and  
 19 others, for the purpose of executing and attempting to execute the  
 20 aforementioned scheme to defraud and to obtain money and property by  
 21 false and fraudulent pretenses, representations, and promises, did,  
 22 with the intent to defraud, knowingly transmit, cause to be  
 23 transmitted, and aided and abetted the transmission by wire  
 24 communication in interstate commerce, certain writings, signs, signals  
 25 and sounds as alleged below:

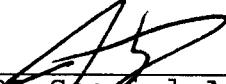
COUNT	DATE	SENDER	WIRE ADDRESSEE	ITEM
1	05/31/06	CFS	First Franklin, San Jose, CA	Loan Application

1	2	06/05/06	First Franklin	Asset Escrow, Chula Vista, CA	First and Second Loan Funds
2	3	08/10/06	CFS	First Franklin, San Jose, CA	Loan Application
3	4	08/28/06	First Franklin	Southland Title, Temecula, CA	First and Second Loan Funds
4	5	03/21/06	CFS	First Franklin, San Jose, CA	Loan Application
5	6	03/23/06	First Franklin	Asset Escrow, Temecula, CA	First and Second Loan Funds
6	7	04/23/06	Asset Escrow	Bank of America	\$115,000.00
7	8	01/30/06	CFS	First Franklin, San Jose, CA	A Purchase Contract
8	9	03/28/06	First Franklin	Heritage Escrow, Chula Vista, CA	First and Second Loan Funds
9	10	03/24/06	CFS	First Franklin, San Jose, CA	A Purchase Contract
10	11	04/17/06	First Franklin	Asset Escrow, Chula Vista, CA	First and Second Loan Funds

16 All in violation of Title 18, United States Code, Sections 1343 and 2.

17  
18 And the Complainant states that this Complaint is based on the  
19 attached Statement of Facts, which is incorporated herein by  
20 reference.

21 Signature of Complainant

22   
23 FBI Special Agent  
24 Official Title

25 Sworn to before me and subscribed in my presence, June 13, 2008.

26  
27 HONORABLE PETER C. LEWIS  
28 United States Magistrate

UNITED STATES OF AMERICA,  
)  
Plaintiff,  
)  
v.  
)  
RAFAEL SANTIAGO (1),  
)  
ABNER BETECH (2),  
)  
SAID BETECH (3),  
)  
AVIVA BETECH (4),  
)  
ANGEL ARMENDARIZ (5),  
)  
LUCETTE MONTANE (6),  
)  
Defendants.  
)

STATEMENT OF FACTS

11 Creative Financial Solutions, Inc. ("CFS") was a mortgage  
12 brokerage firm located at 707 Broadway Avenue, Suite 1720, San Diego,  
13 California. CFS provided home financing for buyers. CFS was owned  
14 and operated by Defendants ABNER BETECH and SAID BETECH. Defendants  
15 RAFAEL SANTIAGO, ABNER BETECH, SAID BETECH, AVIVA BETECH, ANGEL  
16 ARMENDARIZ, and LUCETTE MONTANE were loan officer at CFS. CFS Realty,  
17 a sister company that was located in the same office suite, was run  
18 by Defendant AVIVA BETECH. CFS Realty provided realty services for  
19 clients that were looking to purchase a home. According to the  
20 California Department of Real Estate on-line public license search,  
21 on February 13, 2002, Defendant AVIVA BETECH was issued "salesperson"  
22 license. It expires on July 17, 2010.

23 The Federal Bureau of Investigation ("FBI"), San Diego Division,  
24 began investigating CFS after being contacted by Barbara Macias.  
25 Macias is the owner of San Diego Homes Network ("SDHN"). In January  
26 of 2006, Defendant AVIVA BETECH from CFS Realty contacted SDHN  
27 regarding a property SDHN was listing for sale. Defendant AVIVA  
28 BETECH made an offer to buy the property for \$1,550,000, even though

1 the property was listed for sale at \$1,400,000. The purchase contract  
2 had an addendum attached stating that the seller was to wire the buyer  
3 \$100,000 within 24 hours of close of escrow. The purchase contract  
4 did not have the appropriate box checked showing that there was an  
5 addendum to the purchase contract. When this was brought to her  
6 attention, Defendant AVIVA BETECH explained that she does this all the  
7 time. Defendant AVIVA BETECH was not going to show the lender that  
8 there was an addendum to the purchase contract. Due to Defendant  
9 AVIVA BETECH's unwillingness to disclose the addendum, SDHN declined  
10 the offer.

11 Through investigation, the FBI and Internal Revenue Service  
12 ("IRS") have learned that CFS and CFS Realty were engaged in an  
13 extensive fraud scheme that utilized wire transfers of money and  
14 facsimiles of documents to carry out the fraud. Specifically, CFS  
15 obtained mortgage loans for unqualified or unknowing borrowers by  
16 doing the following:

17 a. intentionally concealing the true purchase price of the  
18 homes to be purchased by submitting materially false, fraudulent, and  
19 misleading purchase contracts;

20 b. submitting materially false, fraudulent, and misleading  
21 loan application packages;

22 c. intentionally concealing the fair market value of the  
23 homes to be purchased by submitting materially false, fraudulent, and  
24 misleading appraisals;

25 d. intentionally concealing the true purchase price of the  
26 homes to be purchased by changing listings by the Combined San Diego  
27 Multiple Listing Service, Inc. to reflect the inflated purchase price;

28

1                   e. submitting materially false, fraudulently, and  
2 misleading bank statements and other forms of income documentation;

3                   f. using straw borrowers' identity information without  
4 consent to obtain loans from the Lenders;

5                   g. using facsimiles and using, causing to be used, and  
6 aiding and abetting the use of wire transfers of money to commit the  
7 fraud;

8                   h. intentionally concealing from the Lenders payments made  
9 outside of the purchase contracts to the defendants, the buyers, and  
10 the sellers;

11                  i. using later resales of the properties to fraudulently  
12 obtain additional funds from the Lenders and intentionally conceal the  
13 fraud from the Lenders; and

14                  j. acting as the realtor for the buyer to fraudulently  
15 obtain additional funds from the Lenders and intentionally conceal the  
16 fraud from the Lenders.

17                  Under CFS's scheme, Defendants received money in two ways.  
18 First, for each fraudulent loan, CFS or CFS Realty would receive a  
19 commission. Second, CFS utilized inflated values on the properties  
20 purchased. The difference between the actual value and the inflated  
21 value would be given as a "kickback" at closing to the buyer and  
22 eventually Defendants. Some of the money for the kickback was paid  
23 by the seller and some of it was paid out of escrow as specified on  
24 the finalized HUD-1 of the transaction.

25                  The FBI analyzed 21 loans, from November of 2005 through August  
26 of 2006, as examples of fraudulent loans that were handled by  
27 Defendants while at CFS or CFS Realty. Of these 21 loans, 18 of the  
28

1 loans have been foreclosed or are in the foreclosure process. The  
2 fraudulent loan volume for the 21 loans totals \$16,159,750.

3 The six lenders associated with these 21 loans includes the  
4 following: (1) First Franklin Financial is a mortgage lender with a  
5 branch located at 2150 North 1st Street, San Jose (hereinafter "First  
6 Franklin"); (2) New Century Mortgage is a mortgage lender with a  
7 branch located at 3121 Michelson Drive, 6th Floor, Irvine, California  
8 (hereinafter "New Century"); (3) Fremont Investment & Loan is a  
9 mortgage lender with a branch located at 2727 East Imperial Highway,  
10 Brea, California (hereinafter "Freemont Investment"); (4) Valley Vista  
11 Mortgage was a mortgage lender with a branch located at 4747 Viewridge  
12 Avenue, Suite 200, San Diego, California (hereinafter "Valley  
13 Vista"); (5) MortgageIT is a mortgage lender with a branch located at  
14 33 Maiden Lane, New York, New York (hereinafter "MortgageIT"); and  
15 (6) Argent Mortgage is a mortgage lender with a branch located at 2030  
16 Main Street, Suite 1030, Irvine, California (hereinafter "Argent")  
17 (collectively, "the Lenders").

18 The Lenders and/or borrowers paid Defendants through CFS illicit  
19 commissions totaling \$297,837. The Lenders and/or borrowers paid  
20 Defendants through CFS Realty illicit commissions totaling \$371,866.  
21 The sellers paid kickbacks to the buyers and eventually Defendants  
22 totaling \$297,789.85. As reflected on the finalized HUD-1's, the  
23 Lenders and escrow companies paid kickbacks to the buyers and  
24 eventually Defendants totaling \$1,031,624.

25 The Lenders have suffered an actual loss of at least \$3,902,500.  
26 The Lenders will likely suffer an additional potential loss of at  
27 least \$1,214,950. Thus, for properties that have been foreclosed or  
28 are in foreclosure, the Lenders are facing actual and potential losses

1 in excess of \$5,117,450. These loss amounts do not include unpaid  
2 mortgage payments, or costs of carrying or selling the real estate  
3 once it is bank owned.

4 FIVE OF THE 21 PROPERTIES

5 877 Island Avenue

6 In about the month of May 2006, Defendants RAFAEL SANTIAGO, ABNER  
7 BETECH, and AVIVA BETECH submitted, caused to be submitted, and aided  
8 and abetted the submission of loan applications for the purchase of  
9 a property by Gloria Agundez at 877 Island Avenue, #602, San Diego,  
10 California. The applications were seeking a 100% financed first and  
11 second loan from First Franklin for \$880,000 and \$220,000,  
12 respectively.

13 The loan applications claimed that Ms. Agundez was earning  
14 \$301,000 per year being employed by U.S. Mergers. However, Ms.  
15 Agundez never worked for U.S. Mergers and U.S. Mergers does not exist  
16 as a functioning entity.

17 The applications attached fraudulent bank statements from  
18 Washington Mutual ("WaMu") to prove income. The WaMu statements  
19 submitted contained a balance that was fraudulently inflated.  
20 Moreover, the WaMu statements submitted listed transactions that were  
21 untrue.

22 According to the finalized HUD-1, \$174,000 was disbursed to  
23 Defendants RAFAEL SANTIAGO and ABNER BETECH from the seller. On  
24 June 5, 2006, Asset Escrow wired \$143,745 into Defendant RAFAEL  
25 SANTIAGO's Bank of America account ending 1246 and wired \$30,255 into  
26 Defendant ABNER BETECH's Wells Fargo account ending 2246. Also, from  
27 reviewing the loan file, the appraisal and conditional loan approval  
28 were addressed to Defendant ABNER BETECH.

1       Defendant AVIVA BETECH was listed as the realtor for the buyer.  
2 On May 2, 2006, the MLS listed the property sale between \$845,000-  
3 \$925,000. On May 4, 2006, the MLS listing price was raised to  
4 \$925,000-\$1,125,000.

5       On May 31, 2006, CFS sent via facsimile a loan application. This  
6 application was received by First Franklin. On or about May 31, 2006,  
7 based upon the scheme, First Franklin wired funds for the first and  
8 second loans to escrow to complete the loan transaction. Next, the  
9 escrow company paid commissions of \$24,000 to CFS Realty and \$21,123  
10 to CFS.

11       On July 19, 2006, Defendant RAFAEL SANTIAGO made an electronic  
12 payment of \$1,817.99 to a memorandum entry with the word "Agundez."  
13 Ms. Agundez was interviewed by the FBI. Ms. Agundez stated that  
14 Defendant RAFAEL SANTIAGO stole her identity, she did not sign the  
15 loan application, and she does not work for U.S. Mergers. She stated  
16 that U.S. Mergers is owned by Defendant RAFAEL SANTIAGO.

17       The property was foreclosed on March 21, 2007. The property was  
18 sold on February 26, 2008 for \$591,000. The Lender's actual loss was  
19 \$509,000, not including additional costs.

20 1642 7th Avenue, #221

21       In about the month of August 2006, Defendant ABNER BETECH  
22 submitted, caused to be submitted, and aided and abetted the  
23 submission of loan applications for the purchase of a property by Jose  
24 L. Fernandez at 1642 7th Avenue, #221, San Diego, California. The  
25 applications were seeking a 100% financed first and second loan from  
26 First Franklin for \$440,000 and \$110,000, respectively.

27       The loan applications claimed that Mr. Fernandez was earning  
28 \$143,000 per year being employed by U.S. Mergers. However,

1 Mr. Fernandez never worked for U.S. Mergers and U.S. Mergers does not  
2 exist as a functioning entity.

3 The HUD-1 listed the buyer's current address as CFS's address at  
4 the time of funding.

5 On August 10, 2006, CFS sent via facsimile a loan application.  
6 This application was received by First Franklin. On or about  
7 August 28, 2006, based upon the scheme, First Franklin wired funds for  
8 the first and second loans to escrow to complete the loan transaction.  
9 Next, the escrow company paid a commission of \$16,954 to CFS.

10 On September 12, 2006, Southland Title Corporation Temecula  
11 Escrow Division issued a check to the sellers, Angelo Marcus and Eli  
12 Cohen, in the amount of \$97,789.85. Mr. Marcus and Mr. Cohen endorsed  
13 and signed over to Defendant ABNER BETECH. On September 22, 2006,  
14 this check was deposited into Defendant ABNER BETECH's Bank of America  
15 account ending 0062. On September 25, 2006, Defendant ABNER BETECH  
16 wrote a cashier's check to Mr. Marcus for \$15,000. On September 27,  
17 2006, Defendant ABNER BETECH wrote another cashier's check to Mr.  
18 Marcus for \$15,000.

19 The property was foreclosed on October 8, 2007. The property is  
20 currently listed for sale at \$289,900. The Lender's potential loss  
21 is \$260,100, not including additional costs.

22 1009 Hawthorne Creek Drive

23 In about the month of March 2006, Defendants RAFAEL SANTIAGO and  
24 SAID BETECH submitted, caused to be submitted, and aided and abetted  
25 the submission of loan applications for the purchase of a property by  
26 Shamika Copenhagen at 1009 Hawthorne Creek Drive, San Diego,  
27 California. The applications were seeking a 100% financed first and  
28

1 second loan from First Franklin for \$1,200,000 and \$300,000,  
2 respectively.

3 The loan applications claimed that Ms. Copenhagen was earning  
4 \$337,521.19 per year being employed by U.S. Mergers. However, Ms.  
5 Copenhagen never worked for U.S. Mergers and U.S. Mergers does not  
6 exist as a functioning entity.

7 The applications attached fraudulent bank statements from  
8 Washington Mutual ("WaMu") to prove income. The WaMu statements  
9 submitted contained a balance that was fraudulently inflated.  
10 Moreover, the WaMu statements submitted listed transactions that were  
11 untrue.

12 On or about March 31, 2006, the seller, Martha Amaya, wrote a  
13 check to Defendant SAID BETECH dated March 31, 2006 in the amount of  
14 \$200,000. On or about March 31, 2006, this \$200,000 check was  
15 deposited into Defendant SAID BETECH's Washington Mutual Bank account  
16 ending 6371.

17 On or about April 4, 2006, Defendant SAID BETECH wired \$130,000  
18 from his Washington Mutual account ending 6371 into Defendant RAFAEL  
19 SANTIAGO's Bank of America account ending 1246. On or about April 11,  
20 2006, Defendant RAFAEL SANTIAGO wrote a check dated April 15, 2006 to  
21 Ms. Copenhagen in the amount of \$15,000. On or about on April 11,  
22 2006, the funds are withdrawn for this \$15,000 check from Defendant  
23 RAFAEL SANTIAGO's Bank of America account ending 1246.

24 On January 30, 2006, CFS sent via facsimile a purchase contract.  
25 This purchase contract was received by First Franklin. On or about  
26 March 28, 2006, based upon the scheme, First Franklin wired funds for  
27 the first and second loans to escrow to complete the loan transaction.  
28 Next, the escrow company paid a commission of \$38,423 to CFS.

1       The property was foreclosed on May 3, 2007. The property was  
2 sold on March 13, 2008 for \$700,000. The Lender's actual loss was  
3 \$800,000, not including additional costs.

4 14444 Rock Rose

5       In about the month of April 2006, Defendant AVIVA BETECH  
6 submitted, caused to be submitted, and aided and abetted the  
7 submission of loan applications for the purchase of a property by  
8 Daniel Garcia at 14444 Rock Rose, San Diego, California. The  
9 applications were seeking a 100% financed first and second loan from  
10 First Franklin for \$1,092,000 and \$373,000, respectively.

11       The loan applications claimed that Mr. Garcia was earning  
12 \$334,000 per year being employed by RP MICH. However, Mr. Garcia  
13 never worked for RP MICH.

14       The applications attached fraudulent bank statements from  
15 Washington Mutual ("WaMu") to prove income. The WaMu statements  
16 submitted contained a balance that was fraudulently inflated.  
17 Moreover, the WaMu statements submitted listed transactions that were  
18 untrue.

19       On the purchase contract, Defendant AVIVA BETECH of CFS Realty  
20 is listed as the "selling firms" realtor. On April 25, 2006, CFS  
21 wrote two checks to Defendant AVIVA BETECH. One check is for \$10,000  
22 with the memo line "commission loan Garcia," the other is for \$21,250  
23 with the memo line "commission Garcia R.E." On April 26, 2006,  
24 Defendant AVIVA BETECH deposited these checks into her Wells Fargo  
25 account ending 8326.

26       On March 24, 2006, CFS sent via facsimile a purchase contract.  
27 This purchase contract was received by First Franklin. On or about  
28 April 17, based upon the scheme, First Franklin wired funds for the

1 first and second loans to escrow to complete the loan transaction.  
2 Next, the escrow company paid commissions of \$25,000 to CFS Realty and  
3 \$35,119 to CFS.

4 The property was foreclosed on March 22, 2007. The property was  
5 sold on October 19, 2007 for \$905,000. The Lender's actual loss was  
6 \$460,000, not including additional costs.

7 1205 Pacific Highway, #202

8 In about the month of March 2006, Defendants ANGEL ARMENDARIZ and  
9 LUCETTE MONTANE submitted, caused to be submitted, and aided and  
10 abetted the submission of loan applications for the purchase of a  
11 property by Francisco Garcia at 1205 Pacific Highway, #202, San Diego,  
12 California. The applications were seeking a 100% financed first and  
13 second loan from First Franklin for \$672,000 and \$168,000,  
14 respectively.

15 The loan applications claimed that Mr. Garcia was earning  
16 \$268,290 per year being employed by Alvarez/Garcia Custom Tiles.  
17 However, Mr. Garcia's income was significantly overstated.

18 The HUD-1 listed a third party pay-off on to Defendant LUCETTE  
19 MONTANE for \$115,000. On April 3, 2006, Asset Escrow wired \$115,000  
20 into Defendant LUCETTE MONTANE's Bank of America account ending 0733.

21 Defendant LUCETTE MONTANE wrote a check dated April 17, 2006 from  
22 her Bank of America account ending 0733 payable to Defendant ANGEL  
23 ARMENDARIZ in the amount of \$21,500. On April 19, 2006, Defendant  
24 ANGEL ARMENDARIZ deposited the check into his Washington Mutual Bank  
25 account ending 7884. On May 2, 2006, Defendant LUCETTE MONTANE wrote  
26 a check to Defendant SAID BETECH for \$13,446 with the memo line  
27 stating "consulting fee-garcia." On or about May 4, 2006, this  
28

1 \$13,466 check was deposited into Defendant SAID BETECH's Washington  
2 Mutual Bank account ending 6371.

3 On January 13, 2006, the MLS listed the home between  
4 \$657,000-\$695,000. On February 13, 2006, the MLS listing price was  
5 raised to \$750,000-\$825,000.

6 On March 21, 2006, CFS sent via facsimile a loan application.  
7 This application was received by First Franklin. On or about  
8 March 23, 2006, based upon the scheme, First Franklin wired funds for  
9 the first and second loans to escrow to complete the loan transaction.  
10 Next, the escrow company paid commissions of \$12,250 to CFS Realty and  
11 \$24,520 to CFS.

12 The property was foreclosed on March 16, 2007. The property was  
13 sold on October 12, 2007 for \$630,000. The Lender's actual loss was  
14 \$210,000, not including additional costs.

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